

Minutes of Meeting
Health Services Council
Project Review Committee-I

DATE: 15 August 2006 TIME: 2:30 PM

LOCATION: Health Policy Forum

ATTENDANCE:

Committee-I: Present: Victoria Almeida, Esq. (Vice Chair), Edward F. Almon, John W. Flynn, Robert S.L. Kinder, M.D., Amy Lapierre, Richard Lepine, Robert J. Quigley, DC, (Chair)

Not Present: Robert Ricci, Robert Whiteside, John Young

Excused Absence: Robert Bernstein, Joseph V. Centofanti, M.D., John Keimig

Other Members: Present: Larry Ross

Staff: Valentina Adamova, Michael K. Dexter, Jeff Garber (Intern), Joseph G. Miller, Esq., Donald C. Williams

Public: (Attached)

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and Time Extension for the Minutes Availability

The meeting was called to order at 2:30 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The minutes of the 6 June 2006 and 11 July 2006 Project Review Committee-I meetings were approved as submitted. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded and passed by seven in favor and none opposed (7-0) that the availability of the minutes for this meeting be extended beyond the time frame provided for under the Open Meetings Act. Those members voting in favor were: Almeida, Almon, Flynn, Kinder, Lapierre, Lepine, Quigley.

2. General Order of Business

The first item on the agenda was Westerly Hospital's change order request for a cost overrun regarding the 6 June 2001 approval of the Certificate of Need for New Construction of the Emergency Department and Medical and Surgical Nursing Units and Renovation and Reconfiguration of Diagnostic and Ambulatory Services and Establishment of a Diagnostic Cardiac Catheterization Services.

Staff noted that Westerly Hospital was approved in 2001 for a

Certificate of Need and that last year, in a response to a survey regarding compliance with conditions of approval, the applicant identified that they had incurred a cost overrun. The applicant previously appeared before this committee last spring and did not have an explanation as to how it happened. At that point the committee requested more information as to how this occurred.

The applicant stated that individuals involved in this project, including the CEO and the project manager, are no longer with the hospital. The Chairman requested a detailed letter from the applicant explaining what transpired signed by both the CEO and the Chairman of the Board of Trustees of the hospital.

Staff noted that the proposed change order request is also for a change to the financing mix from \$5.5 million in debt to \$9 million in debt due to an additional \$3.5 million line of credit.

A motion was made and seconded and passed by a vote of seven in favor and none opposed (7-0) to approve the change order request conditioned upon the receipt of the letter. Those members voting in favor of the motion were: Almeida, Almon, Flynn, Kinder, Lapierre, Lepine, Quigley.

The next item on the agenda was an application of Westerly Hospital to establish a 12-bed inpatient geriatric psychiatry program. Staff

read into the record a portion of the letter of support from the Department of Elderly Affairs. Staff noted that a survey of existing inpatient psychiatric services providers was conducted and staff prepared a memo which will be presented after the applicant had the opportunity to present their application.

The applicant introduced representative of Horizon Health from whom the hospital proposes to contract for management services.

Mr. Murphy, from Horizon Health, stated that the company has been in the business for 26 years, and provides psychiatric services through partnering with community-based hospitals. There are about 120 hospital management contracts in 38 states out of which approximately 90 are for geriatric psychiatric dedicated units. The focus on geriatric psychiatry is based on the change in demographics.

Mr. Murphy stated that Horizon Health would assist in hiring a Board Certified Geriatric Psychiatrist for the proposed program. This proposed program is for those age 65 and older. He stated there is dense population of individuals age 65 in the primary and secondary service areas of the hospital. There are also several thousand nursing home beds in that area and the nearest geriatric programs are about 45-51 miles away from the Westerly Hospital. To the question about which hospitals are closest, he stated that in Rhode Island it is Roger Williams, Butler and St. Joseph Hospital and in Connecticut it is in

Sharon about 100 miles.

Mr. Ross asked what is the supporting documentation for need of this service. He asked where these patients are currently received these services and requested demographic information. The applicant agreed to provide that information.

Mr. Lepine asked what alternatives were considered in term of providing these services at a nursing facility or at an assisted living facility. Mr. Murphy stated that there are restrictions that would not allow a hospital to offer dedicated geriatric psychiatry services in a nursing home or residential treatment facility. He stated that outpatient programs were also reviewed but the need in the area is for inpatient services. He noted that it can be difficult to locate a Board Certified Psychiatrist and they would recruit one as an independent contractor since most physicians prefer to be independent practioners.

Staff noted that application indicated that Horizon Health would assist in recruitment and training and asked if in fact it would be managing the program. Mr. Murphy stated that it is a services agreement where Horizon Health would be beholden to the hospital's policies and procedures and it would be providing some of the staffing. Staff requested a copy of the service agreement.

Ms. Lapierre asked what considerations were given to establishing an

outpatient geriatric program as opposed to inpatient program. Mr. Murphy stated that he would like to have an outpatient program as well but it was felt that the effort should be focused on getting an inpatient program and then expanding to an outpatient program and that is still the goal. Out of the 90 geriatric psych programs managed by Horizon, 85-90% have outpatient programs.

Ms. Lang, representative of Horizon Health, noted that there are different admissions criteria for inpatient and outpatient psychiatry programs. Patients that are at risk may be unable to be managed in an outpatient program. She noted that an outpatient program is a step down program. She discussed the program process. She stated that they would work with a community home health agency to help identify patients.

To a question about what types of patients are seen, Ms. Lang stated that patients are admitted for depression and suicide, and some come from nursing homes where their symptoms cannot be managed.

Staff asked, based on Horizon's experience, how long it takes to establish an outpatient program. Mr. Murphy stated about six to twelve months.

Mr. Lepine asked why the proposal is for a dedicated geriatric psych unit. Ms. Lang stated that geriatric patients may be at risk for harm by non-geriatric psych patients. She stated that the activities would be

geared to the geriatric age group. Mr. Murphy stated that this would be a locked unit. Ms. Lang stated this would ensure safety and prevent patients from wandering away. Mr. Murphy stated this would maintain the dignity of the person.

The Chairman requested that the applicant provide detailed schematics of the proposed unit.

Mr. Ross stated that several years ago the hospital replaced med/surg beds and its current occupancy rate is 44%. He asked why the hospital is proposing additional beds instead of using the areas that were renovated not long ago.

To a question about reimbursement, Mr. Murphy stated that there is a specialized payment mechanism for distinct part psychiatric units. Majority of the patients, 90%, will be Medicare and the government recognized additional incremental cost of treating these patients. He stated that this will be a small unit and will help the hospital in term of its financial goals. He stated that average age of the patients will be 75. He stated that the payment psychiatric services is \$3,200 per discharge and the payment for distinct part psychiatric unit is \$8,200-\$8,300 per discharge. He stated that a geriatric psych unit is different from an adult unit.

Ms. Lapierre asked what is the hospital's relationship with the local mental health center, have they been notified, and are they in support

of this proposal. Mr. Murphy stated that they are aware of the proposal. Ms. Lapierre stated that it is important to frame a good relationship.

The Chairman stated that the Committee will need more background information on Horizon Health and their operations in other states. He asked that the applicant provide information on the treatment of routine psychiatric patients at hospitals. The applicant stated that South Shore Mental Health will work to find a bed for that individual in the appropriate setting.

Staff noted that the applicant needs work on more coordination with South Shore Mental Health in the development of this program since they are currently providing these services to the hospital. The applicant stated that South Shore will continue to do triage in the Emergency Room.

To a question about the higher reimbursement rate, the applicant stated that the unit will have to go through a special exemption survey by Medicare in order to qualify the additional dollars.

Staff asked how Horizon Health would be paid. Mr. Murphy stated that it is based on per patient day to align incentives. Mr. Ross expressed concern about that. He stated he wants to know what existing services are available in the community. He stated that he thinks there should be an outpatient program.

Mr. Murphy addressed the difficulty of recruiting psychiatrist where there are only outpatient services, where the doctor's revenue stream is diminished significantly because payments for outpatient services are low. He stated that the hospital will need an inpatient unit first. Ms. Land also noted that one of the criteria to become an outpatient program is that the patient doesn't qualify for inpatient services and there are no inpatient programs in the applicant's service area.

Ms. Lapierre stated that continuity of care is important. She stated that a step down facility is important and she would like to see something here. She requested that the applicant obtain a letter of support and show how they plan to coordinate with community mental health centers.

Mr. Lepine stated his concern is regarding the current occupancy rate of the hospital. He asked if the applicant considered utilizing a portion of an existing unit and separating that as an independent unit. The applicant noted that for the last two weeks the hospital was on diversion, subdividing a floor would create a lot of cross traffic and they do not want to mix geriatric psychiatric patients with the rest of the patients.

The Chairman asked if the applicant has had discussion with its architect about utilizing existing units. The applicant stated that they have.

The Chairman requested that staff review its memo based on the statewide survey of psychiatry services providers. Staff stated that seven hospital in Rhode Island provide psychiatric services. There were 211 beds in 2005 with occupancy rate of 84%. In 1999 Roger Williams Medical Center received a Certificate of Need to establish a 12-bed geriatric psychiatry program. 84% of geriatric psychiatric admissions are treated in 3 hospitals: Butler, Roger Williams and St. Joseph. Geriatric patients represent 15% of total psychiatric admissions. From 2002-2005 there was a 2% growth in non-geriatric psychiatry admissions and less than 1% in geriatric psychiatry admissions. The total number of psychiatric admissions has been increasing at less than 1% per year. However, the average length of stay has been increasing and table number two of the memo shows the breakdown by geriatric and non-geriatric patients. The averaged length of stay in 2005 for patients under 65 was 8.6 days and for patients over 65 was 12.7 days. In 2005 additional psychiatric beds were added by some of the existing providers. In 2005 most of the hospital operated at or above 80% occupancy rate with only Newport Hospital operating at 61%. Staff noted that in spring of 2006 Bradley Hospital was granted a variance to operate at a higher bed capacity and data provided by Rhode Island Hospital shows a significant increase in the state in the number of pediatric patients admissions.

Mr. Lepine stated that he would like to see more collaboration and asked the hospital to obtain a letter of support from South County

Hospital.

There being no further business the meeting was adjourned at 3:50 PM.

Respectfully submitted,

Valentina D. Adamova